Lithographers and Photoengravers Local 285 Welfare Fund

Financial Statements

February 29, 2020

Lithographers and Photoengravers Local 285 Welfare Fund

Financial Statements

Years Ended February 29, 2020 and February 28, 2019

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Report of Independent Auditors

To the Board of Trustees of the
Lithographers and Photoengravers Local 285 Welfare Fund

We have audited the accompanying financial statements of the Lithographers and Photoengravers Local 285 Welfare Fund (the Plan), which comprise the statements of net assets available for benefits as of February 29, 2020 and February 28, 2019, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of February 29, 2020 and February 28, 2019, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedules on pages 11 and 12 represent supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bethesda, MD
TBD, 2020

Lithographers and Photoengravers Local 285 Welfare Fund

Statements of Net Assets Available for Benefits

February 29, 2020 and February 28, 2019

	2020	2019
Assets		
Cash	$ 611,901	$ 681,305
Receivables		
Employer contributions and payroll audit collections	126,575	134,488
Other	10,834	10,904
Total receivables	137,409	145,392
Investments - at fair value	1,965,714	1,916,549
Prepaid expenses	4,839	3,372
Total assets	2,719,863	2,746,618
Liabilities		
Accounts payable	5,098	5,079
Deferred contributions	3,812	3,834
Total liabilities	8,910	8,913
Net assets available for benefits	$ 2,710,953	$ 2,737,705

See accompanying notes to financial statements.

Lithographers and Photoengravers Local 285 Welfare Fund

Statements of Changes in Net Assets Available for Benefits

Years Ended February 29, 2020 and February 28, 2019

	2020	2019
Additions		
Investment income		
Interest and dividends	$ 46,492	$ 37,947
Contributions		
From employers	1,484,031	1,560,985
COBRA and retiree payments	146,979	163,279
Total contribitions	1,631,010	1,724,264
Other income	12,240	7,069
Total additions	1,689,742	1,769,280
Deductions		
Cost of benefits		
Insurance premiums	1,563,108	1,561,087
Administrative expenses	153,386	154,280
Total deductions	1,716,494	1,715,367
Net change	(26,752)	53,913
Net assets available for benefits		
Beginning of year	2,737,705	2,683,792
End of year	$ 2,710,953	$ 2,737,705

See accompanying notes to financial statements.

Note 1. Description of the Plan

The following description of the Lithographers and Photoengravers Local 285 Welfare Fund (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a complete description of the Plan's provisions. The Plan was created pursuant to an agreement and declaration of trust dated October 1, 1972.

General

The Plan covers employees in jobs covered by a collective bargaining agreement with The Graphic Communication International Union Local 285. This plan also covers eligible dependents of active employees and retirees. Unemployed participants, retired employees, employees' widows, widowers or orphaned children are allowed to continue their eligibility by paying their own contributions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Benefits

The Plan provides health benefits (medical, hospital, surgical, major medical, and dental), life insurance coverage, disability benefits, and accidental death & dismemberment benefits. The Plan provides these benefits through either insurance or indemnity arrangements with the following companies:

Kaiser Permanente - Medical, Hospital
Mutual of Omaha - Life, AD & D
National Vision Administrators, LLC - Vision
CIGNA Health and Life Insurance Company - Dental

Contributions

Employers subject to the collective bargaining agreement and other agreements make monthly contributions to the Plan for each covered employee employed on the first day of the month. Retirees electing coverage under this Plan self-pay monthly premiums by the first day each month for which coverage is sought. All monies are used exclusively for providing benefits and the paying of all expenses incurred with respect to the operations of the Plan.

Other

The Plan's Board of Trustees (the Board), as Sponsor, has the right under the Plan to change, modify or eliminate any of the benefits offered by the Plan at any time, subject to the provisions set forth in ERISA.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared on the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred. The significant accounting principles and practices utilized are described as follows:

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in financial statements. Accordingly, actual results could differ from those estimates.

Employer Contributions Receivable

This amount represents contributions received shortly after the close of the plan year. It does not include any additional amounts that may be due from delinquent contributing employers. Therefore, no allowance for doubtful receivables is necessary.

Investment Valuation and Income Recognition

The investments of the Fund are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price). Purchases and sales of the investments are reflected on a trade-date basis. Interest and dividend income are recorded on the accrual basis. Appreciation or depreciation (unrealized and realized gains and losses) in value are reported on the statements of changes in net assets available for benefits in the period in which they occur.

NOTE 3. POST-RETIREMENT BENEFIT OBLIGATIONS

The Plan’s retirees pay 100% of the true cost of the insurance; therefore, no post retirement obligation exists.

NOTE 4. INVESTMENTS

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described on the following page:

NOTE 4. INVESTMENTS (CONTINUED)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets of liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. These methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Following are the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at February 29, 2020 and February 28, 2019.

Certificates of deposit: Approximates fair value because the instruments are liquid in nature and have short-term maturities.

Temporary investment: Valued at amortized cost, which approximates fair value.

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of February 29, 2020 and February 28, 2019:

Description	February 29, 2020	Level 1	Level 2	Level 3
Certificates of deposit	$ 1,537,302	$ -	$ 1,537,302	$ -
Temporary investment	428,412	428,412	-	-
	$ 1,965,714	$ 428,412	$ 1,537,302	$ -

Description	February 28, 2019	Level 1	Level 2	Level 3
Certificates of deposit	$ 1,527,504	$ -	$ 1,527,504	$ -
Temporary investment	389,045	389,045	-	-
	$ 1,916,549	$ 389,045	$ 1,527,504	$ -

NOTE 5. INCOME TAX STATUS

The Trust established under the Plan to hold the Plan's assets is intended to qualify pursuant to Section 501(c)(9) of the Internal Revenue Code (IRC), and accordingly, the Trust's net investment income is exempt from income taxes. The Trust has obtained a favorable tax determination letter from the Internal Revenue Service, and the Plan sponsor believes that the Trust, as amended, continues to qualify and to operate in accordance with applicable provisions of the IRC.

The Plan files Form 990, Return of Organization Exempt from Income Tax, and Form 5500, Annual Return/Report of Employee Benefit Plan. As of February 29, 2020, the statute of limitations for tax years 2016 through 2018 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which the Plan files returns.

NOTE 6. PLAN TERMINATION

The Board reserve the right to terminate or amend the Plan. In the event of the final termination of the Agreement and Declaration of Trust and the Fund, the Board may proceed with the termination of the Plan or take such other action as permitted by law. The Board shall continue to serve as trustees and the Plan's assets shall continue to be held in trust until all matters relating to termination have been completed.

Upon termination, after payment of all pending benefit claims, reasonable expenses, taxes, and proper charges, the Plan's assets shall be allocated and distributed in the manner, and to the persons, that the Board determined will best effectuate the purposes hereof, provided that such allocation and distribution shall be in the best interests of eligible employees and eligible dependents, shall not unduly impair the benefit rights of such eligible persons existing at the time of termination, and shall be consistent with the provisions of ERISA, the IRC, and other applicable law.

NOTE 7. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the organization to credit risk include cash on deposit with any financial institution that is in excess of federally insured limits. A possible loss exists for the amount held in excess of federally insured limits. At February 29, 2020, the Plan had cash balance that exceeded the federally insured limits by approximately $362,000. In addition, the Plan invests in a money market account that is not covered by federal insurance. The Plan's management believes it is not exposed to any significant financial risk regarding cash balances.

NOTE 8. SUBSEQUENT EVENTS REVIEW

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Plan's financial condition and activities cannot be determined at this time. All subsequent events have been evaluated through TBD, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

Lithographers and Photoengravers Local 285 Welfare Fund

Schedules of Administrative Expenses

Years Ended February 29, 2020 and February 28, 2019

	2020	2019
Administrative expenses	$ 99,955	$ 97,044
Audit and accounting fees	10,605	12,900
Insurance	21,104	19,369
Legal fees	16,850	19,938
Bank charges	1,151	119
Other	3,721	4,910
Total	$ 153,386	$ 154,280

LITHOGRAPHERS AND PHOTOENGRAVERS LOCAL 285 WELFARE FUND

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FEBRUARY 29, 2020

FORM 5500, SCHEDULE H, LINE 4I

E.I.N.: 23-7237228
PLAN NO.: 501

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description Face Value/ Share	(c) Description Maturity Date	(c) Description Interest Rate	(d) Cost	(e) Current Value
	Temporary investment					
	Bank Sweep	N/A	N/A	N/A	$ 428,412	$ 428,412
	Certificates of deposit					
	Capital One Bank USA	$ 100,000	10/19/2020	2.00%	100,000	100,259
	BBVA USA	100,000	11/30/2020	3.10%	100,000	101,124
	CIT Bank	50,000	7/2/2020	1.75%	50,000	50,000
	Goldman Sachs Bank	110,000	10/25/2021	1.80%	110,000	110,113
	Morgan Stanley B	100,000	3/23/2020	2.55%	100,000	100,071
	Morgan Stanley PR	245,000	9/8/2020	2.80%	245,000	246,592
	Wells Fargo & Co	200,000	2/16/2021	2.65%	200,000	201,952
	Sallie Mae Bank	130,000	7/20/2020	2.75%	130,000	130,603
	Sallie Mae Bank	100,000	4/5/2021	2.50%	100,000	100,884
	Synovus Bank	249,000	6/12/2023	2.50%	249,000	249,000
	TIAA FSB holding	145,000	11/1/2021	2.45%	145,000	146,704
					1,529,000	1,537,302
	Total assets (held at end of year)				$ 1,957,412	$ 1,965,714

Lithographers and Photoengravers Local 285 Welfare Fund

Schedule of Reportable Transactions

Year Ended February 29, 2020

Form 5500, Schedule H, Line 4j

E.I.N.: 23-7237228
Plan No.: 501

(a) Identity of Party Involved	(b) Description of Asset (include interest rate and maturity in case of a loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	Expenses Incurred with Transaction	(g) Cost of Asset	Asset on Transaction Date	(i) Net Gain or (Loss)
N/A	Certificate of Deposit - Goldman Sachs Bank	N/A	$ 145,000	N/A	N/A	$ 145,000	$ 145,000	$ -
N/A	Certificate of Deposit - TIAA FSB holding	$ 145,000	N/A	N/A	N/A	145,000	145,000	N/A